

ORIGINAL
SIERRA NEGRA RANCH LLC
SNR MANAGEMENT LLC



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

OCT 29 2010

Commissioners

Kristin K. Mayes, Chairman

Gary Pierce

Paul Newman

Sandra Kennedy

Bob Stump

DOCKETED BY

AL CONP COMMISSION
DOCKET CONTROL

2010 OCT 29 P 4: 00

RECEIVED

IN THE MATTER OF THE COMMISSION'S) DOCKET NO. W00000C-06-0149
GENERIC EVALUATION OF THE)
REGULATORY IMPACT FROM THE USE)
OF NON-TRADITIONAL FINANCING) **Comments for Upcoming Workshops**
ARRANGEMENTS BY WATER UTILITIES)
AND THEIR AFFILIATES.

In accordance with the memorandum Staff filed in this docket on October 15, 2010, Sierra Negra Ranch LLC ("SNR") hereby submits the following comments to be discussed at the workshop on November 1, 2010 and thereafter as allowed.

As was discussed in the above mentioned Staff Memorandum, Decision No. 71878 ordered an investigation into how best to achieve the Arizona Corporation Commission's ("Commission") objectives and address various issues regarding utilities' acquisition of troubled water companies and development of regional infrastructure. The Decision, among other things, specifically ordered stakeholders to discuss Infrastructure Coordination and Financing Agreements ("ICFA(s)") and, among other issues, how these agreements could and should be utilized to acquire troubled water companies.

Although we did not intervene in the rate case, we followed the hearings very closely and understand and appreciate that New World Properties ("NWP") brought up various issues related to ensuring developers are treated fairly and in a uniform manner under ICFAs. As was discussed in the Decision, Staff did note, among other issues, that the amount charged to developers differed by when the contract was entered into. Global, in response to NWP's concern, asserted (correctly or incorrectly) that developers always have the option to enter into main and line extension agreements where they can be assured of equal treatment.

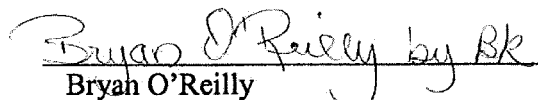
SIERRA NEGRA RANCH LLC

SNR MANAGEMENT LLC

SNR was mandated by Maricopa County to have a water provider and an approved 208 in order to proceed with entitlements. The only options SNR had were to become a utility or sign an ICFA with Global. Included in our signed IFCA Agreement were multiple significant payments to Global and sizable land donations to Global for regional facilities. As was demonstrated in the hearing, Global then used the monies received under the NWP and SNR ICFAs to acquire troubled water and other sewer utilities. This would not have occurred but for NWP and SNR entering into agreements with Global and providing money for the Global acquisition(s). It stands to reason that the Commission should institute measures that will ensure that developers who enter into these agreements are treated fairly and uniformly.

This Commission has a long standing history of supporting the consolidation of smaller water companies and the regionalization of infrastructure. Not ensuring that entities who provide the funding for these types of activities are treated fairly and equally will have a chilling effect on those goals. This docket will hopefully allows the Commission, the stakeholders and all other interested parties to address these very important issues.

RESPECTFULLY SUBMITTED this 27th day of October, 2010.


Bryan O'Reilly
SNR Management LLC.